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A comparatively puny USSR economy

By GUY HAWTIN

COMMENTATORS observing the traditional diplomatic dance preceding the coming rounds of U.S.-Soviet nuclear arms talks appear to work on the assumption that the super-powers are equals.

Nothing could be further from the truth. Stripped of its current nuclear strike superiority, the Soviet Union is anything but the equal of the United States.

Forget 'moral equivalence.' The issue is 'economic equivalence.' Judged by that standards, the Soviet Union is utterly dwarfed by the U.S.

The fact is that Russia is an industrial pygmy — condemned to the little leagues by a crackbrained economic system.

The figures say it all: Russia has a land mass of 8.6 million square miles — two-and-a-half times bigger than the United States. Its population totals 275 million compared with America's 238.7 million.

What's more, it encompasses within its borders probably the world's largest untapped storehouse of natural riches.

Yet in 1984 its gross national product totaled just \$1.9 trillion — scarcely half the American \$3.6 trillion G.N.P.

In terms of productivity the Soviet worker showed up in an even more unflattering light. Per capita GNP for the same year totaled \$7118.5 in Russia against \$15,474.4 here.

Production, 1984



Energy



Gas (billions of cu. ft)	27,600	20,721
Crude oil (barrels per day)	8,735	11,728



Manufacturing

Steel (millions of metric tons)	83.9	154.0
Plastics & synthetic rubbers (thousands of metric tons)	15,364	4,800
Trucks & buses (thousands)	3,075	880

Agriculture



Grain*	314	170**
Milk*	61.4	97.6
Fruit*	25.3	18.5

*(millions of metric tons)

** This is an estimate. For more than a decade grain production has been a state secret following years a catastrophically bad harvests.

† Figures are distorted because of Soviet reliance on heavy weight vegetables such as cabbage and potatoes. Furthermore 40 percent of the production comes from privately owned plots. Similarly, much fruit production is also private.

Post chart by Dennis Wickman

Sources: Central Intelligence Agency, U.S. Dept. of Agriculture, U.S. Census Bureau, Ifo of Munich and the London Chamber of Commerce.

Chart shows the clear advantage U.S. holds over Russia in industrial production.

One should bear in mind that not only are the Soviet figures almost certainly inflated, but last year the

U.S. was just emerging from its deepest Post War recession.

Today, 85 years after the

October Revolution that swept the Bolsheviks to power, the country's infrastructure remains puny — scarcely better than in the days of the Czar.

It's rail network totals just 88,100 miles of track compared with America's severely cut back 188,304-mile system.

The Soviet road system is no more impressive: 836,364 miles of road — 576,000 of it paved — compared with America's 3.2 million mile-system, of which some 2 million miles are paved.

This could, perhaps, be viewed as fortunate — for if the Russian auto industry was as efficient as America's they would have nowhere to put the vehicles.

Such an unhappy situation is, however, unlikely to arise because the Soviet Union produces only 1.3 million passenger cars and 880,000 truck and buses a year.

In contrast, the American auto industry in 1984 built 7.6 million cars and 3.1 million trucks and buses.

The agricultural sector, which in Czarist times could feed the nation, is a shambles.

It absorbs 20 percent of the labor force (compared with a mere 3.8 percent in the U.S.) yet the grain shortfall has been so catastrophic for the past two decades that output figures are now a state secret.

Current estimates put

Continued

2.

Soviet grain output at about 170 million metric tons a year — some 30 million less than needed to feed the population.

By comparison, American farmers produced 317 million metric tons of grain in 1984.

Even in the raw materials sector — an area in which the Soviets should excel — America outstrips the Soviets in many important areas of output.

Take energy: Russia produces some 3000 barrels of oil a day more than U.S. domestic producers but America leads the field in every other area — from gas and coal production to power generation.

There are of course a number of areas where the Soviet Union out-produces the U.S. None, however, are industries which denote an advanced economy.

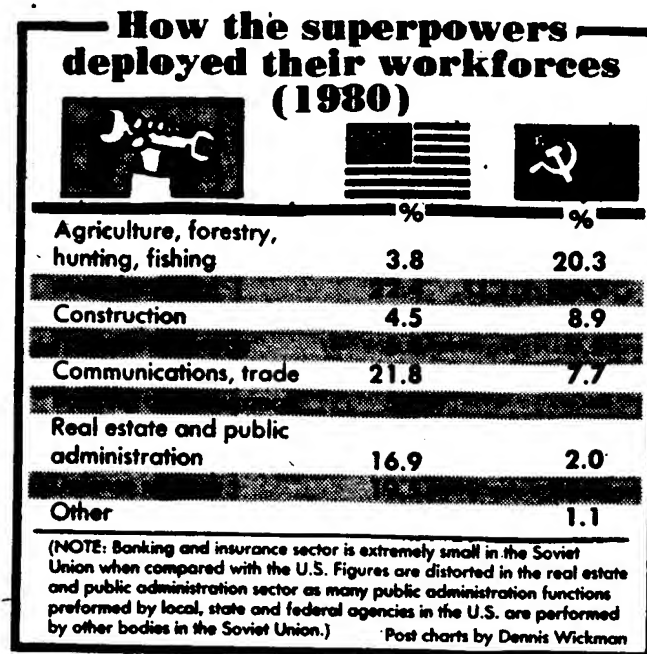
Steel output, for instance, totalled 154 million metric tons in 1984 against 83.9 million tons in the U.S.

But Soviet steel quality is variable and special steels needed for many sophisticated industrial applications are often imported.

Even the most cynical Soviet apologist would agree that Soviet consumer goods are shoddy, ill-designed and in short supply.

In the field of high technology, Soviet theoreticians are hampered by a lack of hardware as well as poor production quality.

Soviet computer produc-



The less developed Soviet economy is delineated in the way the Russian workforce is allocated.

tion statistics have always been a state secret.

However, the Soviet computer industry was gravely set back by a lunatic central planning decision to skip the third generation of mainframes and move directly from the second generation to development of the fourth.

As a result, the Russian high tech programs are heavily dependent — even for defense — on what they can beg, borrow or steal from the West.

Added to the Soviets' economic nightmare is a de-

fense establishment that gobbles up at least 14 percent of GNP — conservatively estimated at \$258 billion last year.

In contrast the U.S. spent \$217.2 billion on defense, a mere 6.6 percent of GNP.

The Russian war machine not only siphons off huge sums of capital investment from the non-military sector, it inflicts other major distortions on the economy.

Concentration on quality control on military contracts reduces supervision on production intended for

civilian use.

A large proportion of truck output is diverted to the military while as much as 20 percent of the grain harvest rots at the roadside for lack of transport to the silos.

Large cities suffer from chronic shortages of vegetables, despite frequent hefty surpluses in the countryside.

This has spawned a massive black market in which speculators can waste resources, flying as much as 500 miles to sell a 30-pound bag of tomatoes at usurious profits in city markets.

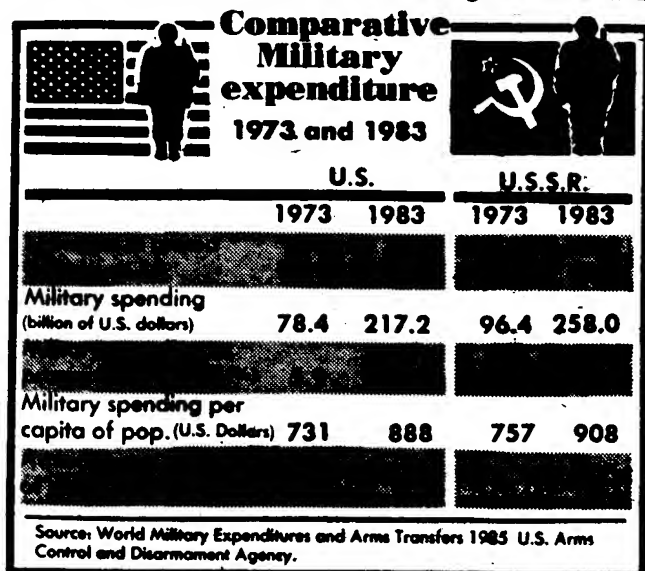
The Russian economy, in fact, resembles that of a developing country.

It would be little more than an exporter of raw materials without its slave markets in Eastern Europe and its politically motivated bilateral trade agreements in the West and the Third World.

The Russian economic shambles is the key to its intransigent resistance to mutual arms reduction and its implacable opposition to the Strategic Defense Initiative.

If "Star Wars" works, it will render Russia's nuclear strike capacity irrelevant — even if President Reagan handed the Soviets the S.D.I. technology on a plate.

Stripped of its nuclear strike capability, Russia would have to rely on its economic muscle to maintain an equal voice in world councils with the U.S.



Compared to the U.S., Russia devotes ties up much more manpower and capital on the military.

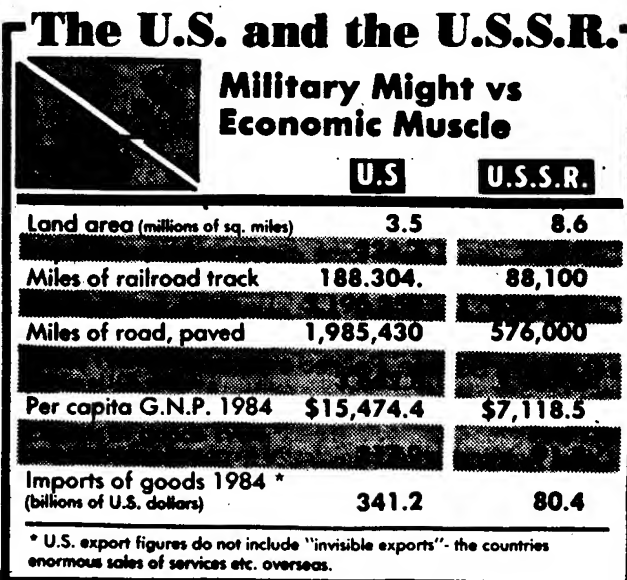


Chart demonstrates how much more productive the U.S. economy is, compared to Russian economy.